

November 6, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES – CENTRAL INDUSTRIAL REDEVELOPMENT PROJECT (FIRST AND SECOND DISTRICTS)

On October 21, 2002, I sent your Board a memorandum regarding the Preliminary Report issued by the Community Redevelopment Agency of the City of Los Angeles on the proposed Central Industrial Project. This memorandum is to advise you of the status of this project. As we informed you in the October 21 memorandum, the City of Los Angeles is proposing to detach parcels from the existing Central Business District (CBD) Project, which recently reached its lifetime cap, and form two new projects. The Central Industrial Project is the second of these projects. If you recall, your Board previously authorized litigation regarding the first of these proposed projects, the City Center Project.

On October 4, 2002 the County received notice that the Agency had scheduled the Joint Public Hearing for adoption of the proposed Central Industrial Project on November 6, 2002. Subsequently, the Agency issued its Preliminary Report on October 10, 2002. It is the Preliminary Report that contains the Agency's findings of blight, description of proposed projects, and financial feasibility analysis. In a letter sent to the Agency on October 24, 2002, this office requested the Agency to recommend postponing the scheduled Joint Public Hearing in order to allow careful analysis of the Preliminary Report and meaningful consultation with the Agency. That request was denied, and the Agency plans to proceed with recommending the adoption of the Project at the City Council meeting of November 6, 2002.

Therefore, in order to preserve your Board's options in determining a potential course of action, we are proceeding to file a Statement of Objections with the City consistent with their public hearing on this project on November 6, 2002. After presentation of our Objections, the City will be required to respond to the points raised. Should this process not lead to resolution of our concerns, your Board may wish to consider further action. Failure to voice opposition at the hearing would preclude the County from legally challenging the proposed project at a later date. Your Board is being separately copied on the Statement of Objections.

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The Statement of Objections addresses three points:

- First, consistent with the City Center litigation, the detachment of acreage from the old CDB Project in order to establish new redevelopment projects is a violation of the court-imposed cap of the CBD Project.
- Second, the Agency violated Community Redevelopment Law by not providing the Preliminary Report in a timely fashion, which prohibited adequate review and meaningful consultation with the County.
- And third, the Agency's Preliminary Report fails to provide adequate findings of blight, especially in regards to economic blight.

If you have any questions at this time, please call me, or your staff may call Robert Moran of my office at (213) 974-1130.

DEJ:LS
MKZ:RTM:nl

c: Auditor-Controller
County Counsel

November 6, 2002

J. Michael Carey
City Clerk of the City of Los Angeles
200 N. Main St., Room 360
Los Angeles, CA 90012

Dear Mr. Carey:

PROPOSED CENTRAL INDUSTRIAL REDEVELOPMENT PROJECT

Pursuant to Health and Safety Code Section 33362, the County of Los Angeles hereby submits its Statement of Objections to the proposed Central Industrial Redevelopment Project.

The County's objections can be summarized as follows: First, a majority of the project area is proposed to be detached from the existing Central Business District (CBD) Project. The County believes the detachment of parcels from the CBD Project, and the inclusion of those parcels in the new Central Industrial Project is in violation of the court-imposed stipulated judgment regarding the lifetime cap of the CBD Project.

Second, the County did not receive the Preliminary Report until October 10, 2002. This afforded the County inadequate time to review the Agency's blight and fiscal analysis and prevented meaningful consultations with the Agency. Third, the County is not satisfied that the Agency has made an adequate showing of blight, particularly in regard to claims of economic blight.

Attached is a report expressing the objections to the proposed Project. Pursuant to Health and Safety Code Section 33363, the County respectfully requests your legislative body's written response. If you have any questions regarding this submission, please call Robert Moran of this office at (213) 974-1130.

Sincerely,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:LS
MKZ:RM:nl
Attachment

c: Each Supervisor
Auditor-Controller
County Counsel
Jerry A. Scharlin, Administrator, Community Redevelopment
Agency of the City of Los Angeles

STATEMENT OF OBJECTIONS

TO

THE PROPOSED CENTRAL INDUSTRIAL REDEVELOPMENT PROJECT

BY

THE COUNTY OF LOS ANGELES

November 2002

In accordance with Health and Safety Code, Section 33363, the County of Los Angeles submits the following objections to the proposed adoption of the Central Industrial Redevelopment Project.

OBJECTION NUMBER 1:

Violation of Central Business District (CBD) Spending Cap.

In an attempt to get around a spending cap on downtown redevelopment and coax developers to pursue new projects, the L.A. Community Redevelopment Agency has proposed splitting much of the current downtown redevelopment project area into two new zones.¹

The Community Redevelopment Agency's proposed formation of new project areas (City Center and Central Industrial) is in violation of a court-sanctioned agreement and the Community Redevelopment Law. In a stipulated judgment, entered by the Los Angeles Superior Court on November 22, 1977, the Agency and the City Council of Los Angeles, among others, agreed and became bound by Court Order to certain limitations, controls and criteria for the implementation of the Redevelopment Plan for that property comprising the CBD Project.

In an attempt to circumvent the limitations and controls set forth in that stipulated judgment, including the tax increment spending lifetime cap, the Agency has dissected the CBD Project to create new proposed redevelopment projects. A map of the projects is attached. By ignoring the mandates of the court-imposed stipulated judgment, the Agency has abused its discretion and has attempted to usurp powers that in this context belong only to the judiciary. The Court of Appeal² has previously rejected the Agency's attempt to circumvent the tax increment spending limitation that is part of the stipulated judgment.

In the recent case of Graber v. City of Upland, the City sought to delete a 77-acre parcel from one redevelopment project and "reassign" it to another project in order to obtain a new base year for the parcel. The Fourth District Court of Appeal held: "We therefore agree with the County that the attempted reassignment of properties from one project area to another was an improper attempt by the City to do indirectly what it could not do directly. The trial court therefore acted properly in voiding ordinance 1683."³

The City of Los Angeles is similarly attempting to delete parcels from the CBD Project and reassign them to the City Center and Central Industrial Projects for

¹ Los Angeles Business Journal, December 3, 2001

² Bernardi v. City Council of Los Angeles, 54 Cal. App. 3d, 426 (1977)

³ Graber v. City of Upland, 99 Cal. App. 4th 424 (2002)

an improper purpose: to evade the court-imposed CBD Project cap to which the City and Agency agreed and by which it remains bound.

OBJECTION NUMBER 2:

Failure to Provide Taxing Entities with the Preliminary Report within a Reasonable Time after Receiving the Section 33328 Fiscal Report, or to Consult in Good Faith, After Providing the Preliminary Report but Before Giving Notice of the Joint Public Hearing.

According to Section 33344.5 of the Health and Safety Code:

After receiving the report prepared pursuant to Section 33328, or after the time period for preparation of that report has passed, a redevelopment agency, which includes a provision for the division of taxes pursuant to Section 33670 in the redevelopment plan, shall prepare and send to each affected taxing entity, as defined in Section 33353.2, a preliminary report which shall contain all of the following:

- (a) The reasons for the selection of the project area.*
- (b) A description of the physical and economic conditions existing in the project area.*
- (c) A description of the project area which is sufficiently detailed for a determination as to whether the project area is predominantly urbanized. The description shall include at least the following information, which shall be based upon the terms described and defined in Section 33320.1:*
 - (1) The total number of acres within the project area.*
 - (2) The total number of acres that is characterized by the condition described in paragraph (4) of subdivision (a) of Section 33031.*
 - (3) The total number of acres that are in agricultural use. "Agricultural use" shall have the same meaning as that term is defined in subdivision (b) of Section 51201 of the Government Code.*
 - (4) The total number of acres that is an integral part of an area developed for urban uses.*
 - (5) The percent of property within the project area that is predominantly urbanized.*
 - (6) A map of the project area that identifies the property described in paragraphs (2), (3), and (4), and the property not developed for an urban use.*

(d) A preliminary assessment of the proposed method of financing the redevelopment of the project area, including an assessment of the economic feasibility of the project and the reasons for including a provision for the division of taxes pursuant to Section 33670 in the redevelopment plan.

(e) A description of the specific project or projects then proposed by the agency.

(f) A description of how the project or projects to be pursued by the agency in the project area will improve or alleviate the conditions described in subdivision (b).

(g) If the project area contains lands that are in agricultural use, the preliminary report shall be sent to the Department of Conservation, the county agricultural commissioner, the county farm bureau, the California Farm Bureau Federation, and agricultural entities and general farm organizations that provide a written request for notice. A separate written request for notice shall be required for each proposed redevelopment plan or amendment that adds territory. A written request for notice applicable to one redevelopment plan or amendment shall not be effective for a subsequent plan or amendment.

The Section 33328 report for the Central Industrial Project, a copy of which is attached, was sent to the Agency by the County of Los Angeles Auditor-Controller on January 28, 2002. The Agency did not transmit the Preliminary Report to the County until the afternoon of October 10, 2002. The Agency had previously scheduled the Joint Public Hearing for November 6, 2002. The County was given the Preliminary Report only 26 days (17 working days) to review before Plan adoption.

The Preliminary Report for the Central Industrial Redevelopment Project includes 95 single-spaced pages of detailed analysis and 17 maps. The County maintains that the amount of time given by the Agency to review such an important and complex document is woefully insufficient.

The Agency states in the Preliminary Report⁴ that a field conditions survey of the area east of Alameda St. to document blight was accomplished in mid-1998. In late spring of 2000, a new field conditions survey was completed. Clearly the Agency had compiled its blight analysis far in advance of October 10, 2002. Why did the Agency choose to withhold this information from the County until a mere 26 days prior to its scheduled Joint Public Hearing?

⁴ Preliminary Report for the Proposed Central Industrial Redevelopment Project, October 8, 2002, p. 4.

The County contends that it was the legislative intent of AB 1290 that agencies provide the Preliminary Report to the taxing entities in a timely fashion to allow adequate review. Included in the reforms of AB 1290 was the deletion of Mitigation Agreements, Fiscal Review Committees, and negotiated pass-through payments. However, AB 1290 also substantially narrowed the definition of blight, and the County believes intended, through the Preliminary Report, to provide protection to the taxing agencies via a reasonable review process. According to analysis provided to the Senate Floor⁵:

CRA [California Redevelopment Association] contends that by eliminating the fiscal review process and pass-through agreements, AB 1290 would provide a greater incentive for counties and other affected entities to closely examine a proposed redevelopment project area to make sure it meets the requirements of existing redevelopment law. Counties and other affected entities would then have two options: agree to the proposed redevelopment project area; or legally challenge the proposed redevelopment project area.

CRA stressed that this bill would require redevelopment agencies to provide more information on how tax increment funds are spent, the goals and objectives of the agency, how an activity would assist in the elimination of blight, and a detailed account of indebtedness. CRA believes that AB 1290 would make redevelopment agencies more effective and accountable.

The County believes that the legislative intent of AB 1290 is clear: taxing agencies should be afforded the opportunity to “closely examine” redevelopment projects. By not releasing the Preliminary Report until the eleventh hour, the Agency effectively denied taxing agencies a reasonable opportunity to examine the proposed project, vitiated the possibility of meaningful consultations between taxing agencies and the Agency, and prejudiced the ability of taxing agencies to object to Project adoption.

Redevelopment in California is a comprehensive legal reference text on redevelopment practice authored by the partners of the Redevelopment Section of the law firm of McDonough, Holland, and Allen.⁶ Since the publication of the Second Edition in 1995, the text has included an “Illustrative Time Schedule And Procedural Guide for the Adoption of a Redevelopment Plan”. The Illustrative Time Schedule has been updated in each of the supplements (published in 1996, 1998, 1999, and 2001) to the work. In each case the authors show release of the Preliminary Report to affected taxing agencies “Month 4, Day 16”, with project

⁵ AB 1290 Bill Analysis, California Redevelopment Association, July 6, 1993, p. 8.

⁶ *Redevelopment in California*, Beatty et al., Solano Press, 2nd Ed. 1995 (2001 supplement)

adoption occurring "Month 9, Day 6" or "Month 9, Day 20" (depending upon receipt of written objections to Plan adoption). Redevelopment in California thus suggests that the Preliminary Report be issued nearly five months before project adoption.

The text includes the following comment upon the importance of the Preliminary Report: "Upon receipt of the report by the county fiscal officer (or after the time period for preparation has passed), the agency is required to prepare a preliminary report for all the taxing agencies receiving property tax revenues from the project area (the affected taxing agencies). § 33344.5. This document is critical because it requires the agency to identify the types of blighting conditions in the project area as well as the scope and purpose of the redevelopment plan."

In 1999, Goldfarb & Lipman, a leading consultant to the redevelopment sector, produced a guideline for redevelopment projects⁷. Included in the prescribed timeline was a schedule of activities that included the following:

Day 156 Staff transmits Preliminary Report, Draft Plan and Draft EIR to taxing entities, Legislative Body, Planning Commission and PAC (Sections 33333.3 and 33344.5).

Documents: Preliminary Report
Draft Plan
Draft EIR
Transmittal Letter

Between Staff consults with each affected taxing entity. NOTE: MUST BE
Day 156- COMPLETED PRIOR TO FIRST PUBLICATION OF LEGAL
Day 249 NOTICE OF JOINT PUBLIC HEARING. Be certain to keep written
documentation of all consultations.

Day 245 Staff mails legal notice of joint public hearing on Redevelopment Plan and letter along with map to taxing entities via certified mail, return receipt requested (Sections 33349, 33350, 33356 and 33361).

Goldfarb and Lipman thus advised their clients that agencies should send the Preliminary Report to taxing entities some 89 days prior to the notice of Joint Public Hearing to ensure adequate review and consultations. In addition:

The preliminary report is the first major background document required under CRL to describe the purpose and impact of the

⁷ Setting Up a New Redevelopment Project Area Under AB 1290 Legislation, Goldfarb & Lipman, Presentation to County Tax Managers Subcommittee Meeting, May 5, 1999, p. 62-68

proposed redevelopment program. The preliminary report is of value to all participants in the plan adoption process as an early statement of program needs, goals, activities, and costs.

If carefully prepared, the preliminary report can help a redevelopment agency demonstrate that the community has designated a project area with strong qualifications under CRL standards, and that there is a well-conceived, financially feasible program of proposed redevelopment actions directly related to meeting the project area's special community development needs. While such information and analysis may not relieve affected taxing entities or other community members of their concerns about the proposed redevelopment program, it may serve to screen out certain ancillary legal issues or flush out legitimate concerns early in the process, and to establish the seriousness, credibility, professionalism, and good faith of the redevelopment agency in embarking upon the redevelopment process. Achievement of those objectives should not be underestimated in setting the tone for the remainder of the plan adoption process.⁸

Goldfarb & Lipman also advised agencies to consult with affected taxing entities:

Common practice is for the redevelopment agency to deliver the preliminary report, the proposed redevelopment plan and the draft EIR simultaneously to each affected taxing entity (Check List Item #37). The redevelopment agency must attempt to call or otherwise individually consult with each affected taxing agency, in addition to sending the required information to each affected taxing agency. The consultations must be completed prior to publication of the notice of the joint public hearing on the plan (Section 33328).⁹

In the case of the Central Industrial Project, the Agency sent the Preliminary Report to the taxing agencies after sending the Notice of Joint Public Hearing (dated October 4, 2002). This appears to violate Section 33328:

Prior to the publication of notice of the legislative body's public hearing on the plan, the agency shall consult with each taxing agency which levies taxes, or for which taxes are levied, on property in the project area with respect to the plan and to the allocation of taxes pursuant to Section 33670.

⁸ Goldfarb & Lipman, "Setting Up a New Redevelopment Project Area Under AB 1290 Legislation, Presentation to County Tax Managers Subcommittee Meeting, May 5, 1999, p. 18-19.

⁹ Goldfarb & Lipman, "Setting Up a New Redevelopment Project Area Under AB 1290 Legislation, Presentation to County Tax Managers Subcommittee Meeting, May 5, 1999, p. 21.

Further, in Franklin-McKinley v. City of San Jose¹⁰ the Court of Appeal explained:

The Agency is to prepare the preliminary report early in the process and to submit it to affected taxing agencies so that they may evaluate the impacts of the proposed redevelopment and respond to the legislative body.

In spite of the County's attempts to engage in early consultations (correspondence attached), the only consultation provided by the Agency, in addition to sending required reports, was a tour of the Project Area on August 15, 2002. On October 21, 2002 Agency staff contacted County staff offering to schedule a consultation meeting. Because the County did not receive the Preliminary Report until October 10, 2002, and the Joint Public Hearing had been scheduled for November 6, 2002, the County requested the Agency postpone the scheduled hearing to allow reasonable examination and meaningful consultation. The Agency's Director responded that he would recommend denial of this request.

OBJECTION NUMBER 3:

Failure to Demonstrate Project Area Blight in Accordance With Health & Safety Code, Sections 33030 and 33031.

The Agency is required to present substantial evidence of blight to justify the use of redevelopment. According to Section 33030, a blighted area "is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment."

Section 33031 (a) describes the conditions of physical blight as:

(1) Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.

(2) Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be

¹⁰ Franklin-McKinley School Dist. v. City of San Jose, 234 Cal. App. 3d 1599, at 1608 (1991).

caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.

(3) Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the project area.

(4) The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.

(1) Unsafe or unhealthy buildings

Evidence must be presented that buildings are “unsafe or unhealthy for persons to live or work.” “Deterioration” and “dilapidation” are enumerated in the statutory language; “deferred maintenance” is not. According to the Preliminary Report, the Agency in its field survey classified 42 of 1,231 (3 percent) of the buildings in the project area as dilapidated. The Agency includes a category in its field survey of “Extensive Rehabilitation.” This category includes buildings requiring significant investments to correct perceived major repairs. The field survey classified 150 of 1,231 (12 percent) in the “Extensive Rehabilitation” category. There is no showing that the buildings judged to need “extensive rehabilitation” are “unsafe or unhealthy for persons to live or work.” Even together, these two categories total 15 percent, hardly substantial evidence of prevalent deterioration.

The Preliminary Report notes that from August 1997 to November 2001, the City Department of Building and Safety filed 26 complaints of building code violations in the project area. No evidence is provided to indicate that 26 complaints in a four-year period are excessive, how this number compares to other areas of the City, or whether any complaint implicated a condition “unsafe or unhealthy for persons to live or work.”

(2) Inadequate size, substandard design, lack of parking

The Agency indicates that 28 of 1,231 (2 percent) of the buildings are of defective design, and 58 buildings revealed shifting uses. In regard to parcel size, the Preliminary Report lists two criteria for determining “nonconforming conditions.” The first criterion is the legal minimum size required by the Los Angeles Planning and Zoning Code. The Agency asserts the Project Area fails to meet this criterion as follows:

The Project Area was subdivided and developed under prior standards, codes, and regulations. Consequently, there are many parcels of irregular form, shape and size that restrict land utilization and the efficient economic development of parcels.¹¹

¹¹ Preliminary Report for the Proposed Central Industrial Redevelopment Project, October 8, 2002, p. 23.

The legal minimum size required by the Los Angeles Planning and Zoning Code is not given, and no further information is provided; therefore the reader is left with nothing more than the conclusory statement above to judge this assertion.

The second criterion used by the Agency to define “nonconforming” parcels is adequate parcel size for economically feasible development. “Certain minimum parcels sizes are necessary to facilitate modern development patterns.”¹² The Agency goes to great lengths in the Preliminary Report (Section D, pages 25-46) to describe this condition. In general, “small mom and pop distribution companies” currently dominate the project area. However, the Agency provides extensive evidence as to why the project area is lacking the amenities required by “contemporary warehouse/distribution facilities.”

... Today’s manufacturing and distributors are looking for design features such as 24-foot high ceilings, ESFR sprinklers, air-conditioning, expanded electrical power to accommodate computers, and ample parking.

... With rare exceptions, the objective for development of warehouse/distribution facilities is to provide maximum flexibility at a low cost. As a result, contemporary warehouses tend toward one-story structures with long clear-span trusses, simple rectangular shapes, few windows, and walls of brick, concrete block, tilt-up concrete, or sheet metal with few or no aesthetic enhancements. They are generally built in locations where land costs less and highway access is good.¹³

The Agency claims that the small mom and pop companies that currently dominate the project area are blighted because they lack the amenities (large building size, truck loading areas, on-site parking, and minimum requirements for ceiling heights, power, and sprinkler systems) desired by modern warehouses. The Preliminary Report sites numerous references to industry standards to show that the current buildings are inadequate.

This logic is flawed for a number of reasons. First, the courts have ruled that Section 33031 (a) (2) applies to existing uses: “substantial evidence must show the physical factors actually prevent or substantially hinder an existing use or lot’s economic viability...[a]ccordingly, ... the record must demonstrate substantial evidence quantifying the effect the physical condition has on the

¹² Preliminary Report for the Proposed Central Industrial Redevelopment Project, October 8, 2002, p. 23.

¹³ Preliminary Report for the Proposed Central Industrial Redevelopment Project, October 8, 2002, p. 26.

economic viability of the existing use or capacity of the building or lot.”¹⁴ Further, the fact that the Agency would prefer to replace mom and pop companies with large warehouses does not demonstrate how the current uses are unsafe and are a burden on the community. Redevelopment is not to be used “just because the public agency considers that it can make a better use or planning of an area than its present use or plan.”¹⁵

Second, a careful examination of the sources for the industry standards the Agency cites cautions readers regarding the use of these standards in urban settings:

*The architectural design and site planning for individual buildings in business parks depend on regulations such as zoning and CC&Rs and on the users who are expected to occupy the buildings. Building setbacks, lot sizes and shapes, building coverage, design quality, relationships to adjacent uses, parking needs, truck loading solutions, trailer storage, and landscaping and screening vary widely by building product type as well as regional and locational variations in tenants’ expectations and the competitive climate.*¹⁶

The realities of the particular development, and whether it is suburban or intensive urban use, set the “standard for appropriate development,” for example:

*... an urban business park that contains primarily office uses will have very different building and site design requirements from a suburban park geared toward manufacturing and warehouse uses or one geared toward flexible-use R&D space. Building setbacks from the fronting street vary from none for buildings on a property line in a dense urban area to 50 feet (15 m) or more for those in some suburban areas.*¹⁷

Imposing the standards for contemporary suburban business parks upon existing uses holds the existing uses up to a false standard. Typical of this rigid unrealistic approach the Preliminary Report speaks admiringly of a trend to ever larger warehouses, buildings remote in every sense from urban infill uses:

... Warehouses have gotten much larger since the 1980’s, when a building was considered large at 200,000 square feet (18,600 m²).

¹⁴ Friends of Mammoth v. Town of Mammoth Lakes Redevelopment Agency (2000), 82 Cal. App. 4th at 555.

¹⁵ Sweetwater Valley Civic Assn. v. City of National City (1976), 18 Cal. 3d at 278.

¹⁶ Business Park and Industrial Development Handbook, Second Edition, Urban Land Institute, 2001, p. 124.

¹⁷ Business Park and Industrial Development Handbook, Second Edition, Urban Land Institute, 2001, p. 102.

Today, a building is considered large if it measures more than 1 million square feet (93,000 m²).

... "Fast-growing cities such as Phoenix, Dallas, Fort Worth, and Atlanta have fifth-generation cores emerging about 50 to 60 miles (80 to 95 km) outside their downtowns; those cores are generally being led by industrial development because the land is so cheap, it has easy freeway access, and it's less congested for now," says Christopher B. Leinberger, managing director of Robert Charles Lesser & Co., an international real estate consulting firm in Los Angeles. "That's where the new mega-warehouses, which run 1 to 2 million square feet (93,000 to 186,000 m²) each, are located. That's 25 acres (10 ha) under one roof."¹⁸

A contrary strategy may well be in the City's interest:

A more positive perception of urban locations and the decreasing availability of large Greenfield sites in the suburbs are leading some business park developers back toward the city to urban infill sites and formerly industrial brownfields. Despite the potential issues and costs related to their environmental conditions, these sites offer advantages of access to existing amenities and public transportation. Certain high-tech and startup incubator industries initiated the move to lighter uses, including offices, in former industrial areas, but another push came from dot.com companies looking for distinctive workspaces. Moreover, the cost of renovating a major facility is often less expensive than new construction (see the Starbucks Center case study in Chapter 7).¹⁹

By claiming existing uses are blighted by inadequate size, the Plan presumes that only large-scale planned development can function economically in the Project Area. But this is belied by the values the market has placed on existing uses. It also unnecessarily forecloses smaller-scale alternative use strategies:

There is a growing recognition that downtown LA's new mission is not to be powerful, but to be fun, different and interesting. Among its great assets are impressive beaux-arts office buildings, a collection of warehouse and industrial buildings suitable for conversion into artists' lofts and digital business locations. The key element in its recovery is not how much it resembles other regional

¹⁸ Business Park and Industrial Development Handbook, Second Edition, Urban Land Institute, 2001, p. 131.

¹⁹ Business Park and Industrial Development Handbook, Second Edition, Urban Land Institute, 2001, p. 289.

*business centers, but how it offers its dramatic array of one-of-a-kind ethnic, retail and entertainment experiences.*²⁰

Finally, the Preliminary Report does not set forth any basis from which it can reasonably be concluded that the Project Area can be redeveloped from its allegedly inadequate physical conditions and brought up to “modern standards.” The Agency does not propose leveling the Project Area or large areas wholesale, nor does it suggest that doing so would be financially feasible. Therefore, it fails to show that the Plan would address, much less correct, the allegedly inadequate physical conditions upon which it seeks to justify the Plan.

(3) Incompatible uses

The Preliminary Report refers the reader to a map that identifies the location of incompatible uses. The map does not identify what the uses are, or why they are incompatible. No evidence is provided that the declared incompatible uses prevent economic development in the Project Area.

(4) Irregular Shape/Multiple Ownership

The Preliminary Report indicates that there are 60 subdivided lots (3 percent) with irregular shape in multiple ownership. Once again, the Agency’s conclusory assertion that this characteristic exists in the project area does not provide substantial evidence that this condition prevents proper usefulness and development. The Agency’s map of the alleged conditions merely sums up in graphic form its own assertion. No facts are set forth in support of the Agency’s conclusion that the parcels should be “considered to be of irregular form for development consideration.”

Section 33031 (b) describes the conditions of economic blight as:

(1) Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to, those properties containing hazardous wastes that require the use of agency authority as specified in Article 12.5 (commencing with Section 33459).

(2) Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban use and served by utilities.

(3) A lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.

²⁰ “Knowledge-Value Cities in the Digital Age”, Milken Institute, Joel Kotkin and Ross C. DeVol, Feb. 13, 2001, p. 93.

(4) Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults, that has led to problems of public safety and welfare.

(5) A high crime rate that constitutes a serious threat to the public safety and welfare.

(1) Stagnant Property Values

The Preliminary Report (page 27) states that the project area has averaged 3.5 percent annual growth in property values the last five years. Manifestly, 3.5 percent annual growth is not depreciation. While lower than the City as a whole, no explanation is given as to how an average growth of 3.5 percent per year can possibly be considered stagnant. In fact, since Proposition 13 mandates that annual increases in property values cannot exceed two percent, without improvements having been made or a change of ownership, the growth rate actually reflects an area displaying significant economic vigor.

(2) Vacancies, Lease Rates, Turnover Rates

By the Agency's own admission, these characteristics of the Project Area fail to demonstrate economic blight. The properties in the Project Area are predominantly industrial. "Industrial vacancy rates are reported to be low in the Project Area,"²¹ industrial lease rates are competitive, and industrial properties sold for only four percent less than comparable areas. In claiming that lease rates "are not high enough to support reinvestment to upgrade properties to meet modern standards due to the small sizes of properties and high costs associated with land acquisition in the project area," the Agency simply chooses to ignore the fact that existing uses of Project Area properties produce high rents and low vacancy rates.

In fact, the Project Area is an economically thriving area, poised to take advantage of its strategic location adjacent to the recently opened Alameda Corridor:

... The central core Los Angeles sub-market achieved the lowest vacancy rate of 1.6%.²² [see attached]

"It is a very tight market," said Hotchkiss. "There is a lack of space available downtown. And 80 percent of what is available is 25,000 square feet or less." Hotchkiss added that monthly rental rates downtown are some of the highest in the county and can run as high as 60 cents per square foot, but the average rental rate is 35 cents.²³

²¹ Preliminary Report for the Proposed Central Industrial Redevelopment Project, October 8, 2002, p. 55.

²² Market Index Brief, CB Richard Ellis, 2nd Quarter 2002.

²³ Los Angeles Business Journal, "Industrial Hotspots", Jessica Toledano, July 27, 1998

The continued demand for industrial and warehouse space will be fueled in part by planned port expansion and the completion of the Alameda Corridor, which will speed freight rail transport in Central Los Angeles. Large, modern industrial buildings continue to be rare commodities, and space is still scarce in many key markets. The vacancy rate in central Los Angeles, for example, was only 1.5% during the first quarter.²⁴

One of the first businesses attracted by the corridor opened earlier this month just west of the rail line in Carson. The refrigerated warehouse, employing 35 people per shift, will temporarily store perishable goods transiting through the Southern California ports. If forecasts for the ports bear out, more businesses like the P&O Cold Logistics warehouse can be expected to sprout along the corridor.²⁵

(5) Crime Rate

First, crime rates are reported on a resident per capita basis. Because the project area is predominantly industrial, there are few permanent residents in the area. The Agency's report thus employs an unfair measure of the threat to public safety and welfare posed by crime in the project area. When considering crime rates, any appropriate measure must reflect the large numbers of daytime workers and visitors to the area during business hours, to accurately reveal public safety and welfare impacts.

Second, the Agency's report acknowledges that the Project Area is *adjacent* to Skid Row, with its large population of indigents, many with criminal records and/or substance abuse problems. The report fails to make any effort to identify the locations reported for crimes and suggests without substantiation that a high crime incidence uniformly affects the Project Area. There is no basis in the report for that assumption.

Third, the Project Area is only compared to the City as a whole. Comparison of apples with apples, would seem to be required. Obviously the entire City of Los Angeles includes vast residential and commercial areas drastically different from the proposed Project Area. It is unclear why the Agency sought to compare the Project Area to the City as a whole and why a more directly comparable set of conditions was not used.

Finally, there is essentially nothing in the Preliminary Report to suggest that the alleged "blighting" condition of crime will be addressed in any meaningful way:

²⁴ Los Angeles Times, "Pace Slows in Race for Industrial Space", Jesus Sanchez, June 5, 2001.

²⁵ Economic Development Now, "Hauling Freight, Not Extra Baggage", International Economic Development Council, June 15, 2002.

there is no plan directed at the issue. The only reference to crime in the “Projects Proposed” section of the Report occurs at the very end under the catchall “Other Engenderment Programs”:

Facilitation of programs to address issues of crime and security within and adjacent to the Central Industrial Redevelopment Project Area. The use of Agency staff time to assist local merchants in creating business improvement districts focusing on safety, clean up and security programs, in an example of a project under this program subset.(sic)²⁶

In other words, local merchants will have to assess themselves if they determine they want better security; Agency will provide nothing—except unspecified “staff time”.

Deficiencies in public infrastructure are listed as a blighting condition:

Issues of public improvements in the context of blight in the Project Area involve adequacy and maintenance of street surfaces, alleys, sidewalks, curbs and gutters, street trees, street lighting, and utility lines. Deficiencies of certain types of public improvements, such as deteriorated street surfaces, cracked sidewalks and inadequate street lighting, are potential causes of accidents. In addition to the public safety concern, the deficiencies contribute to the negative image of an area.²⁷

With the adoption of AB 1290 “inadequate public improvements, public facilities, open spaces, and utilities” was deleted as a factor justifying a finding of blight. A lack of adequate public improvements cannot substitute for the required findings of substantial evidence of both physical and economic blight. Further, no evidence is provided to indicate an increase in the number of accidents in the project area due to deficiencies in public improvements.

As noted earlier in this report, Section 33344.5 requires the Preliminary Report to include:

A description of how the project or projects to be pursued by the agency in the project area will improve or alleviate the conditions described in subdivision (b).

²⁶ Preliminary Report for the Proposed Central Industrial Redevelopment Project, October 8, 2002, p. 94.

²⁷ Preliminary Report for the Proposed Central Industrial Redevelopment Project, October 8, 2002, p. 24.

The description of how the proposed \$177 million Economic Development Program proposed by the Agency will alleviate the blighting conditions described in the Preliminary Report is as follows:

*The economic development program and projects will address obsolete commercial and industrial facilities, alleviate or improve deteriorating building conditions, and facilitate the development of vacant or underutilized parcels. They will facilitate the development of new entrepreneurial ventures to occupy vacant commercial, office and industrial space within the Project Area. This program also encompasses the provision of facilities to serve as training sites for both business owners/operators and the upgrading of job and interview skills for residents of the Project Area and immediately adjacent residential neighborhoods. These projects will facilitate new construction and the provision of necessary commercial and industrial facilities for community residents by serving as a catalyst to promote private sector investment in the Project Area.*²⁸

This generic language offers no specific evidence as to how these programs will alleviate the blight in this project area, and no connection is made with the blight findings made earlier in the Preliminary Report. For instance, a job-training program is mentioned, however, lack of worker skills was not indicated as a problem in the project area.

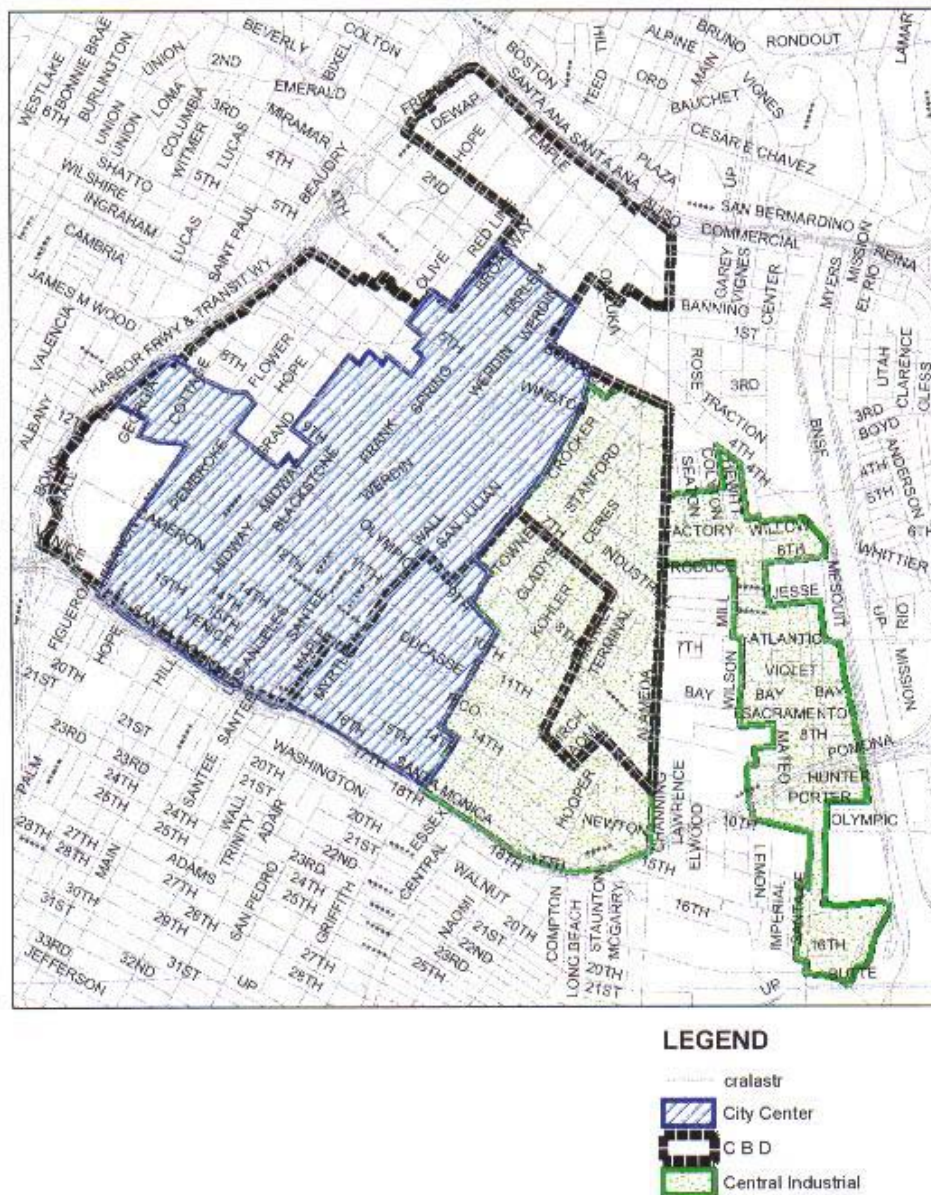
Accordingly, the County of Los Angeles requests that the Community Redevelopment Agency of the City of Los Angeles, with and through its legislative body, the City Council of the City of Los Angeles, consider and respond in writing to each of the objections and suggestions set forth above, setting forth in detail for each objection, a good faith reasoned analysis as required by law.

²⁸ Preliminary Report for the Proposed Central Industrial Redevelopment Project, October 8, 2002, p. 95.

ATTACHMENTS

1. Map of project areas
2. Section 33328 Report: January 28, 2002
3. May 28, 2002 County letter seeking early consultations
4. June 12, 2002 Agency affirmative response
5. July 26, 2002 Agency standard notice offering to consult
6. Notice of Joint Public Hearing: October 4, 2002
7. October 24, 2002 County letter seeking postponement
8. October 30, 2002 Agency letter recommends against postponement
9. Los Angeles Industrial Market, CB Richard Ellis, 2nd Quarter 2002

CBD, City Center, Central Industrial Redevelopment Projects





J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 153
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8361 FAX: (213) 617-0592

January 28, 2002

Mr. Donald Spivack, Deputy Administrator
Community Redevelopment Agency
of the City of Los Angeles
354 S. Spring St., Suite 800
Los Angeles, CA 90013-1258

Dear Mr. Spivack:

CITY OF LOS ANGELES – CENTRAL INDUSTRIAL REDEVELOPMENT PROJECT

The attached schedules are provided to your agency in compliance with Section 33328 of the Health and Safety Code. Revenue calculations are based upon the total assessed valuations of those parcels within the proposed project area as compiled by the County Assessor's Office.

Also included is our invoice for the cost incurred by the Assessor's and our office in compiling and preparing the schedules as provided in Section 33328.7 of the Health and Safety Code. Copies of this report have been forwarded to the administrative representatives of the affected taxing agencies.

Should you have any questions regarding the schedules, please contact **David Chang** or **Aline Remias** of my staff at (213) 974-8290 and (213) 974-1684, respectively. Our fax number is (213) 229-0179.

Sincerely,

Susan J. Linschoten, Manager
CRA/Distribution Section
Tax Division

SJL:DC:ar
Attachments
H:\CRA\Fiscal Rpt\LA City - Central Industrial RP
c: (see attached list)

Mr. Spivack
January 28, 2002
Page 2

c: Robert Moran – LA County Chief Administrative Office
Cliff Caballero – LA County Consolidated Fire Protection District
Dennis Denby – LA County Department of Public Works
Jack Hazelrigg – Greater LA County Vector Control
Joya De Foor – City of Los Angeles
Fred Cardenas – Water Replenishment District of So. California
Patricia Goodman – LA County Office of Education
Jeannette Gordon – LA City Community College District
Olonzo Woodfin – Los Angeles Unified School District



DAVID E. JANSSEN
Chief Administrative Officer

County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

May 28, 2002

Jerry A. Scharlin
Agency Administrator
Community Redevelopment Agency of the City of Los Angeles
354 South Spring Street, Suite 800
Los Angeles, CA 90013-1258

Dear Mr. Scharlin,

My staff was recently in contact with your staff regarding two proposed redevelopment projects your Agency is currently in the process of adopting: the Central Industrial and Little Tokyo projects. In light of the conflict which has arisen between the County and City in respect to the City Center Project, and in concert with past commitments on the City's part to work more closely and cooperatively with us at the early stages of plan development, I believe it advisable that your Agency and my office meet to discuss these projects before plans are complete and boundaries set.

In addition, I believe it would be beneficial for our staffs to discuss the possibility of establishing a protocol that goes beyond minimum required legal notifications to facilitate County input regarding proposed redevelopment projects at the early stages of planning. Such a practice would promote a cooperative and collaborative working relationship between our agencies, help mitigate future legal conflicts, and ensure that proposed redevelopment efforts benefit the interests of both the County and the City.

Should you wish to discuss these issues, please let me know, or your staff can contact Martin Zimmerman of this office at (213) 974-1326 to schedule a meeting to discuss the two referenced projects and the broader protocol. I look forward to working with you on these very important issues.

Sincerely,

DAVID E. JANSSEN
Chief Administrative Office

DEJ:LS

MKZ:JR:nl

c: Each Supervisor
County Counsel
Auditor-Controller

cra\los angeles\little tokyo_scharlin

Board of Supervisors

GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District



United We Stand

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258
213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date **JUN 12 2002**

File Code

*David
Harper
Shuehan
Zimmerman*

RECEIVED
2002 JUN 13 PM 4:09
CHIEF ADMINISTRATIVE
OFFICE

Mr. David E. Janssen
Chief Administrative Officer
County of Los Angeles
713 Kenneth Hahn Hall of Administration
Los Angeles, CA 90012

Dear Mr. Janssen:

**CRA
LA**

With reference to your letter dated May 28, 2002, I very much appreciate your suggestion to meet early and to establish a protocol for the future.

By copy of this letter I am requesting that my staff call Mr. Zimmerman to discuss the Central Industrial and Little Tokyo projects as well as establishing a broader protocol with the County.

I also look forward to working with you on these issues.

Sincerely,

Jerry A. Scharlin

Jerry A. Scharlin
Administrator

JAS/sgj

c: D. Spivack
H. Marshall
L. Betz
A. Hammond

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Coby A. King
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

November 2002

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

City of Los Angeles
Community Redevelopment Agency
Engineer

Date JUL 26 2002

File Code

VIA CERTIFIED MAIL

Sir or Madam
Los Angeles County Board of Supervisors
Los Angeles County Flood Control District
383 Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Subject: Notice and Offer to Consult
Pursuant to the California Community Redevelopment Law
Central Industrial Redevelopment Project



Dear Sir or Madam :

Pursuant to the provisions of the Community Redevelopment Law (California Health and Safety Code, Section 33000 *et seq.*), the City of Los Angeles (the "City") and the Community Redevelopment Agency of the City of Los Angeles (the "Agency") have initiated proceedings for the preparation and adoption of a redevelopment plan for the proposed Central Industrial Redevelopment Project.

The Agency hereby offers to consult with each taxing agency which levies taxes or for which taxes are levied, on property within the proposed Central Industrial Redevelopment Project with respect to the proposed redevelopment plan and with respect to the allocation of taxes pursuant to Sections 33670 and 33670.5 of the Community Redevelopment Law. Any consultations should be directed to Mr. Len Betz at (213) 977-1616, 354 South Spring Street, Los Angeles, California 90013.

Information regarding future actions taken toward the planning and execution of the proposed Central Industrial Redevelopment Project will be transmitted to your office as required by law.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jerry A. Scharlin', written over a horizontal line.

Jerry A. Scharlin

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair

Javier O. Lopez, Treasurer

Greta T. Hutton

Coby A. King

Douglas R. Ring

Christine M. Robert

Jerry A. Scharlin
Administrator

cc: Los Angeles County Dept. of Public Works (Attn: James A. Noyes)

November 2002

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date **OCT 04 2002**

File Code

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Ms. Violet Varona-Lukens
Executive Officer
Board of Supervisors
Los Angeles County
383 Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

SUBJECT: NOTICE OF JOINT PUBLIC HEARING ON THE PROPOSED
REDEVELOPMENT PLAN FOR THE CENTRAL INDUSTRIAL
REDEVELOPMENT PROJECT

**CRA
LA**

Dear Taxing Agency:

Enclosed please find a copy of the Notice of the joint public hearing concerning the proposed Redevelopment Plan for the Central Industrial Redevelopment Project in the City of Los Angeles, to be held by the City Council of the City of Los Angeles and Board of Commissioners of the Community Redevelopment Agency of the City of Los Angeles on Wednesday, November 6, 2002, at 10:00 a.m., or as soon thereafter as the matter can be heard, in the Council Chambers, 200 North Spring Street, Third Floor – Room 300, Los Angeles, California. The objective of the proposed Redevelopment Plan is to provide the process and basic framework for the redevelopment, rehabilitation and revitalization of the Central Industrial Redevelopment Project Area in order to eliminate and prevent physical and economic blight, encourage investment in the economic development of the community, and promote physical, social and economic well-being. Other related objectives are described in the proposed Redevelopment Plan. The Notice includes a boundary map and a reference to where a legal description of the boundaries of the Central Industrial Redevelopment Project Area can be found.

If you would like additional information regarding the proposed Redevelopment Plan, please call Len Betz at (213) 977-1616 between 9:00 a.m. and 4:00 p.m., Monday through Friday.

Sincerely,



Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Coby A. King
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

Enclosures: Notice of Joint Public Hearing; Map

RECEIVED
2002 OCT -7 PM 2:38
CHIEF ADMINISTRATIVE
OFFICE

**NOTICE OF JOINT PUBLIC HEARING ON THE
PROPOSED REDEVELOPMENT PLAN FOR
THE CENTRAL INDUSTRIAL REDEVELOPMENT PROJECT**

NOTICE IS HEREBY GIVEN that the City Council of the City of Los Angeles, California and the Board of Commissioners of the Community Redevelopment Agency of the City of Los Angeles, California will hold a joint public hearing on **Wednesday, November 6, 2002** at the hour of 10:00 a.m., or as soon thereafter as the matter can be heard, in the City Council Chambers, 200 North Spring Street, Third Floor - Room 340, Los Angeles, California, pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*) for the purpose of considering the approval and adoption of the proposed Redevelopment Plan for the Central Industrial Redevelopment Project Area. The boundaries of the Project Area are as illustrated on the Map accompanying this Notice. A copy of the legal description of the boundaries of the Project Area is available upon request, free of charge, at the Agency's Records Division as noted below.

The scope and objectives of the proposed Redevelopment Plan are generally to provide the process and basic framework for the redevelopment, rehabilitation and revitalization of the Central Industrial Redevelopment Project Area in order to eliminate and prevent physical and economic blight in the Project Area.

The purpose of the Joint Public Hearing is to consider:

1. The proposed Redevelopment Plan for the Central Industrial Redevelopment Project Area submitted by the Agency.
2. All evidence and testimony for and against the adoption of the proposed Redevelopment Plan for the Central Industrial Redevelopment Project Area.

As the public entity responsible for carrying out the Redevelopment Plan for the Central Industrial Redevelopment Project, the Agency has prepared an Environmental Impact Report for the Central Industrial Redevelopment Project.

At the above stated day, hour and place any and all persons having any objections to the proposed Redevelopment Plan for the Central Industrial Redevelopment Project Area, or the regularity of any of the prior proceedings, or who deny the existence of blight, may appear before the Agency and the City Council and show cause why the proposed Redevelopment Plan should not be adopted. At any time not later than the hour aforesaid set for hearing, any person objecting to the proposed Redevelopment Plan for the Central Industrial Redevelopment Project Area may file in writing with the City Clerk a statement of his or her objections. Any person or organization desiring to be heard at the hearing will be afforded an opportunity to be heard. The City Council shall proceed to hear, pass upon and respond to objections to the proposed Redevelopment Plan for the Central Industrial Redevelopment Project pursuant to the California Community Redevelopment Law.

The proposed Redevelopment Plan for the Central Industrial Redevelopment Project, the Environmental Impact Report, the Rules Governing Owner Participation and Business Occupant Preferences, and other pertinent documents are on file and available for public inspection and copying during regular office hours (9:00 a.m. - 4:00 p.m., Monday through Friday) at the offices of the Community Redevelopment Agency of the City of Los Angeles, Records Division, 354 South Spring Street, Fifth Floor, Los Angeles, California 90013. If you would like additional information regarding the proposed Redevelopment Plan, please call Len Betz at (213) 977-1616 between 9:00 a.m. and 4:00 p.m., Monday through Friday.

City Clerk, City of Los Angeles
Administrator, Community Redevelopment Agency of the City of Los Angeles





DAVID E. JANSSEN
Chief Administrative Officer

County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

VIA FACSIMILE AND U.S. MAIL

October 24, 2002

Jerry A. Scharlin, Agency Administrator
Community Redevelopment Agency of the City of Los Angeles
354 South Spring Street, Suite 800
Los Angeles, CA 90013-1258


Dear Mr. Scharlin:

CENTRAL INDUSTRIAL REDEVELOPMENT PROJECT

On October 4, 2002, we received your Notice that the City of Los Angeles and its Community Redevelopment Agency expect to hold a Joint Public Hearing on November 6, 2002 to adopt the proposed Redevelopment Plan for the Central Industrial Redevelopment Project. Subsequently, we received from your office a copy of the Preliminary Report on the afternoon of October 10, 2002. My office is in the process of reviewing this 100-page, single-spaced document.

On October 21, 2002, your office telephoned my staff to request a consultation meeting. Receipt of the Report on October 10, 2002 has afforded us insufficient time to permit adequate review of such a detailed document. Also, since the consultation request comes just two weeks before the public hearing noticed for final project approval, we infer that you expect this consultation cannot possibly produce any changes to the project. Accordingly, we believe that a good faith consultation requires, and we respectfully request, that you postpone the Joint Public Hearing at least 30 days to afford opportunity for review and consultation. We look forward to your reply.

Sincerely,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:LS
MKZ:RM:nl

c: Each Supervisor
Auditor-Controller
County Counsel
Each City Councilmember of the City of Los Angeles
Each Los Angeles Community Redevelopment Agency Board Commissioner

cra/los angeles/Central Industrial CRA.doc

Bob

Board of Supervisors

GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District



United We Stand

OCT-30-2002 11:55 977 1618 P.02

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258
213 877 1600

Fax
Number 213 877 1666

Date OCT 30 2002
File Code

VIA FACSIMILE AND U.S.MAIL

Mr. David E. Janssen
Chief Administrative Officer
County of Los Angeles
713 Kenneth Hahn Hall of Administration
Los Angeles, CA 90012

Dear Mr. Janssen:

I am in receipt of your letter dated October 24, 2002 in which you requested that the duly noticed Joint Public Hearing for the proposed Central Industrial Redevelopment Project scheduled between the Los Angeles City Council and the Community Redevelopment Agency on November 6, 2002 be postponed in order to afford the County additional opportunity for review and consultation of the proposed redevelopment plan.

The CRA staff is both surprised and disappointed by your letter, given that your CAO staff and CRA staff have been working closely together on this project since March 2001.

The proposed redevelopment plan for the blighted and deteriorated area of downtown Los Angeles, known as Central Industrial, should be more than familiar to County staff.

Planning for this area started over two years ago with the proposed Alameda East redevelopment project, which was eventually merged with the proposed Central Industrial area. County staff had surveyed on its own initiative the Alameda East area and had been in communication with Agency staff about industrial redevelopment in downtown Los Angeles.

The multiple opportunities for County staff to review the conditions of the Central Industrial area and to become aware of the redevelopment project are summarized in the attachment to this letter.

Furthermore, direct communication between our respective staffs even include a personal drive through the Central Industrial area by Agency and County staff on August 15th along with formal and informal offers to consult.

In light of the extensive knowledge that County staff has of this project, we believe that receipt of the Preliminary Report on October 10, 2002 would have given the County ample opportunity for review.

OCT-30-2002 11:56

977 1618 P.03

Postponement of the Joint Public Hearing at this late hour will substantially prejudice our Agency's ability to redevelop this significantly blighted area. Accordingly, although I will bring your request for postponement to the Chairman of the CRA Board and to the President of City Council, I intend to recommend against any further delay.

Sincerely,



Jerry A. Scharlin
Administrator

LA

cc: Each Supervisor
Auditor-Controller
County Counsel
Each City Councilmember of the City of Los Angeles
CRA Board of Commissioners
Tracey Lovejoy, Chairperson, Central Industrial Community Advisory
Committee

Encl.

OCT-30-2002 11:56

977 1618 P.04

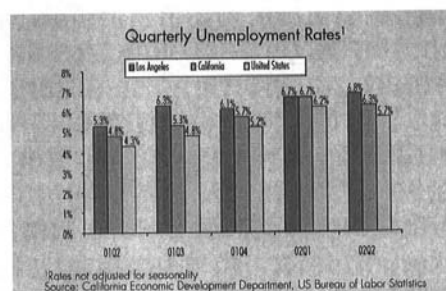
<u>DATE</u>	<u>ITEM</u>
Oct 25, 2002	Supplementary Report on the Proposed Redevelopment Plan to David Janssen.
Oct 10, 2002	Hand delivered Preliminary Report to Martin Zimmerman.
Oct 9, 2002	Preliminary Report to David Janseen.
Oct 04, 2002	Notice of Joint Public Hearing to David Janssen.
Sep 20, 2002	Final EIR mailed to County Dept. of Public Works.
Jul 26, 2002	Notice and Offer to Consult to David Janssen.
Jun 12, 2002	Response from Jerry Scharlin to David Janssen letter of May 28, 2002 to establish a future protocol.
May 28, 2002	Letter from David Janssen to Jerry Scharlin re Central Industrial and Little Tokyo to work more closely and cooperatively.
Apr 22, 2002	Transmittal of Draft EIR to David Janssen
Apr 12, 2002	Letter to Tom Tyrell at County Counsel from KBB re: why adoption of City Center and Central Industrial do not violate Bernardi cap.
Jan 28, 2002	Letter from County Dept of Auditor-Controller with cc to Janssen with schedules in compliance with Section 33328 of the Health and Safety Code.
Jan 17, 2002	Letter from County Office of the Assessor to Len Betz acknowledging receipt of documents in compliance with Section 33327 of the Health and Safety Code.
Dec 17, 2001	Letter from State Board of Equalization to Don Spivack and cc to County Auditor and Assessor acknowledging receipt of Dec 14, 2001 filing of map and processing fee.
Nov 20, 2001	Letter from County Office of the Assessor to Len Betz acknowledging receipt of map and legal description on 11-13-01.
Nov 2, 2001	Notice of Preparation for Central Industrial EIR.
Mar 19, 2001	Notice of Preparation for EIR (Proposed Alameda East Area).

TOTAL P.04

LOS ANGELES INDUSTRIAL MARKET — Q2 Q2

SUB-MARKET	BUILDING SF	VACANCY RATE	NET ABSORPTION	SF UNDER CONSTRUCTION	AVG. ASKING LEASE RATE PSF/MTH
Tri-Cities/Glendale	73,674,789	5.1%	(166,446)	118,382	\$0.63
Commerce	81,282,977	5.2%	107,935	748,725	\$0.42
Vernon	74,393,927	1.7%	464,627	393,082	\$0.39
Los Angeles	128,765,004	1.6%	136,544	137,890	\$0.47
Mid-Counties	101,697,041	2.5%	254,890	965,288	\$0.52
San Fernando Valley	80,901,417	5.1%	441,481	441,856	\$0.61
San Gabriel Valley	127,489,037	2.2%	50,546	1,825,406	\$0.46
South Bay	214,996,499	4.7%	(269,768)	2,538,843	\$0.52
Los Angeles County	883,200,691	3.5%	1,019,809	7,169,472	\$0.49
Ventura**					
Greater Los Angeles	883,200,691	3.5%	1,019,809	7,169,472	\$0.49

** Data for Ventura County was not available at time of publication.



EMPLOYMENT CONDITIONS

The increase in the average quarterly unemployment rate in Los Angeles to 6.8% from 6.7% last quarter equated to only 4,900 new claims compared to 49,500 last quarter. Jobs in the Services sector increased by 13,000 while industrial payrolls during the same period decreased by approximately 2,300 to 908,000 industrial jobs in the county. Industrial employment accounted for approximately 22% of the Los Angeles labor force, still the largest employment sector in the county.

Compared to last year, total industrial employment in Los Angeles was down by 19,600 jobs. Trucking jobs increased while warehouse and manufacturing jobs comprised most of the decrease.

CB RICHARD ELLIS